

M e m o r a n d u m

To: Panel Members

Date: January 26, 2007

From: Diana Torres, Manager

Analyst: J. Davey

Subject: One-Step Agreement for **THE RAYMOND GROUP**

CONTRACTOR:

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
SET-Workers Earning At Least State Avg Hrly Wage
- Legislative Priorities: Moving To A High Performance Workplace
- Type of Industry: Construction
- Repeat Contractor: No
- Contractor's Full-Time Employees
 - *Worldwide:* 397
 - *In California:* 277
- ETP Trainees Represented by Union: Yes
- Name and Local Number of Union Representing ETP Trainees: 46 Northern California Counties Drywall/Lathing J.A.T.C & T.B.; Southern California Plastering Institute Apprenticeship Trust J.A.T.C. & Training Committee; Southwest Carpenters Training Fund

CONTRACT:

- Program Costs: \$208,800
- Substantial Contribution: \$0
- Total ETP Funding: \$208,800
- Total In-kind Contribution: \$372,500
 - *Trainee Wages Paid During Training:* \$217,500
 - *Other Contributions:* \$155,000
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Contra Costa, Orange, San Diego

INTRODUCTION:

The Raymond Group is a drywall and lathe contractor whose products include panelized exterior skin systems, fireproofing, framing, sheathing, drywall and plaster for building exteriors and interior core areas. Headquartered in Orange, California, the company's construction services also include engineering design and project management. Raymond also has offices in Concord, San Diego, and Las Vegas, Nevada. Raymond's Orange office is eligible for ETP training under Title 22, California Code of Regulations (CCR), Section 4416(e) as the corporate headquarters that support the California and Nevada regional offices. The remaining California facilities are included under the SET Frontline Worker provisions of CCR, 4409(a) whose workers earn at least the state average hourly wage.

MEETING ETP GOALS AND OBJECTIVES:

The Raymond Group proposes training that will further the following ETP goals and objectives:

1. To foster job retention in the construction industry.
2. To meet ETP's mandate to develop the skills of frontline workers.
3. To enhance the job skills of frontline workers in California to prepare them for working in a high performance workplace.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1 Retrainee	MENU: Business Skills Management Skills Literacy Skills	30	24 – 100	0	\$1,440	\$20.19 - \$52.88
Job Number 2 SET Frontline	MENU: Business Skills Management Skills Literacy Skills	115	24 – 100	0	\$1,440	\$23.35 - \$36.61
Wages After 90-Day Retention						
<u>Occupation</u> CAD Detailer (Job 1 – Retrainee) Foreman (Job 2 – SET Frontline Worker) Project Engineer (Job 1 – Retrainee) Project Manager (Job 1 – Retrainee)						
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> Although the company pays health benefits for its employees, the hourly contribution is not being used to meet ETP minimum wage requirements by county.					<u>Turnover Rate</u> 16.67%	<u>% Of Mgrs & Supervisors To Be Trained:</u> 7%
<u>Other Employee Benefits:</u> In addition to Health Benefits, The Raymond Group offers union pension plan, 401(k), union vacation plan, and bonuses based on project profitability.						

COMMENTS / ISSUES:

➤ *Frontline Workers*

One hundred, thirty-five participants (ninety-three percent) in this project meet the Panel definition of frontline workers under Title 22 California Code of Regulations, Section 4400(ee). In addition, ten managers (seven percent) will also participate in training. The Raymond Group states that managers and supervisors need the skills described in this proposal to assist frontline workers in obtaining and implementing the new skills. In addition, The Raymond Group agrees that no executive staff who set company policies will be reimbursed for training.

➤ *Production During Training*

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

RECOMMENDATION:

Staff recommends that the Panel approve this priority industry proposal due to The Raymond Group's need to retrain its workers in skills that will give them needed business and management skills to meet the growing threat from out-of-state competitors and establish a training culture that will help offset demographic succession changes.

NARRATIVE:

A company spokesperson reports that The Raymond Group currently is facing a number of challenges that impact the way it competes in California construction industry. Large Canadian developers have entered the California marketplace and have outbid Raymond for California projects. Many of these Canadian contractors work with Canadian subcontractors rather than Californian subcontractors and they often use non-union labor. Furthermore, east Coast subcontractors also have taken a small share of the California construction market because of a downturn in building opportunities in the east and mid-west.

Complicating these competitive market conditions is a demographic and generational change in the company's workforce. Of The Raymond Group's current workforce, about fifteen percent are either eligible to retire or within five years of retirement. As they leave the workforce, the company will experience a considerable loss of knowledge and experience. The remaining workforce does not possess the necessary skills that can greatly increase the productivity and profitability of the company. The working culture is currently traditional and reactive, with training desperately needed to improve communication, conflict resolution, and leadership principles/skills.

NARRATIVE: (continued)

The Raymond Group recently conducted a needs assessment and the results were common across the board: Communications, Leadership, Conflict Resolution, Negotiating, Project Planning & Management, Technical Computer Skills, Basic Computer Skills, The Raymond Way – Processes & Procedures. Performance Reviews confirmed many of the skill gaps listed above.

As a result, The Raymond Group identified four “foundational benchmarks” to address the skills gaps that were revealed in the results of the needs assessment: (1) People Skills/Business Skills; (2) Leadership Skills; (3) Systems; (4) Technical –specific dept functions. The ETP training funds will help with the design and implementation of Foundational Benchmarks #1 (People/Business Skills) & #2 Leadership Skills. The primary goal is to bring all employees to a foundational level of understanding.

The Raymond Group has identified the following types of training to improve productivity in its workers and help the company to become more competitive:

Business Skills – Frontline Foremen, Project Engineers, Project Managers, and CAD Detailers will receive skills communication, feedback, coaching, conflict resolution, and processes and procedures. The Employee Survey showed that employees have difficulty in communicating effectively both internally and with customers. This has negative consequences in improving productivity in a tightly competitive market. Employees expressed a desire for more guidance and coaching versus the trial and error method. Coaching and feedback training will provide the necessary skills to equip frontline foremen to be more effective coaches.

Management Skills – Project Managers will receive training in time management, leadership, managing change, and coaching for improved performance to better manage time and performance. The company has begun the process of forming new teams; however, the knowledge of how to create cohesive and productive teams currently is learned by trial and error. The lack of coaching and leadership skills has led to unproductive conflict and inefficiency.

Literacy Skills – Selected foremen will be offered Vocational Workplace English as a Second Language (VESL) to improve their literacy skills in English. The courses in VESL will cover basic workplace terminology, English verbal and written communication, grammar, reading, writing, and language comprehension skills. It is expected that Literacy Skills will enhance the production workers understanding and enable them to accomplish their daily work duties. Raymond agrees that no more than forty-five percent of each trainee's total vocational training hours will be provided in Literacy Skills to those trainees who have been identified to receive this training. Furthermore, The Raymond Group will conduct a literacy assessment prior to the delivery of training to customize the training to the needs of each trainee. The assessment will be available for review by ETP staff during the term of the Agreement.

NARRATIVE: (continued)

Commitment to Training

A spokesperson for The Raymond Group states that ETP funding will not displace its own resources for training.

- The Raymond Group states that it has invested and budgeted over \$450,000 in the last two years for training and training related costs.
- The types of training provided to trainees include Microsoft Office, new-hire orientation, job-specific training, employment law, performance appraisals and documentation, and interviewing skills. Updated process and procedure manuals are being developed and implemented throughout the organization for every business function. Cross-functional teams have been developed to address the top issues impacting the company's competitiveness and productivity. Training facilities and equipment also have been designed and are in use.
- The Raymond Group expects the training requested in this proposal will also continue beyond the term of the Agreement and improve the company's competitiveness in a changing market.

SUBCONTRACTORS:

To be determined.

THIRD PARTY SERVICES:

The applicant states that consultant services have not and will not be used.

THE RAYMOND GROUP

CURRICULUM

Class/Lab Hours Trainees will receive any of the following:

Job Number 1

24 – 100

Business Skills

- Conflict Resolution
- Coaching
- Delegating and Negotiating
- Feedback
- Communication
- Processes & Procedures

Management Skills

- Time Management
- Essentials of Leadership
- Motivating Workers
- Change Management
- Performance Improvement

Literacy Skills (not to exceed 45% of total vocational skills per trainee)

- English at Work

<p><u>Comment:</u> The parties agree that the training identified in this Curriculum may be revised from time-to-time during the term of this Agreement at the request of Contractor and with the prior written approval of ETP. (See also Section 12 in this Agreement.)</p>
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Southwest Carpenters Training Fund

533 SOUTH FREMONT AVENUE, SUITE 401

LOS ANGELES, CA 90071-1706

(213) 739-9336 FAX (213) 739-9383

www.californiacarpenters.org

Director
Pat McGinn

December 8, 2006

Latonia Coleman, Training Manager
The Raymond Group
520 W Walnut Ave
Orange, CA 92868

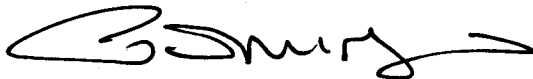
Dear Ms. Coleman:

I am pleased to have the opportunity to provide this letter of support on behalf of the Southern California Carpentry JATC in conjunction with your Employment Training Panel application.

It is my understanding that the funding you are applying for will provide business and management training for your second and third tiered managers and foreman. We realize the glaring shortage of capable supervision in the construction industry and applaud your efforts in this endeavor.

As you know, it is the mission of the Southern California Carpentry JATC to provide the highest quality training to those interested in a career in the various carpentry fields. We have an interest in seeing our members move up the career ladders available to them; therefore, we have no objection if union represented trainees participate in the training you are proposing.

Sincerely,



Pat McGinn
Director



SOUTHERN CALIFORNIA
PLASTERING INSTITUTE
**Apprenticeship
Trust**
JOINT APPRENTICESHIP
& TRAINING COMMITTEE

1610 W. HOLT AVENUE, SUITE B
POMONA, CA 91768
(909) 865-1773
(909) 865-0873 FAX

December 21, 2006

Latonia Coleman, Training Manager
Raymond Interior Systems
520 W. Walnut Avenue
Orange, CA 92868

Dear Latonia:

The Southern California Plastering Institute Joint Apprenticeship & Training Committee supports "Raymond's" efforts in your upgrading process of your employee's awareness in business and management training. This will truly benefit our industry as a whole.

We feel confident that our plasterers' training will not and should not stop once our members complete their four years of apprenticeship training here; and that Raymond and other plastering companies will continue their education with these supplemental classes.

We are in favor of this program.

If you have any questions, please feel free to contact this office.

Rosie Borzilieri
Apprenticeship Administrator

CC: BOARD OF TRUSTEES



46 NORTHERN CALIFORNIA COUNTIES

DRYWALL / LATHING J.A.T.C. & T.B.

23217 Kidder Street
Hayward, CA 94545-1632
(510) 785-5885
Fax: (510) 785-4434

December 20, 2006

ET07-0286

The Raymond Group
Attn: Latonia Coleman
520 West Walnut Avenue
Orange, CA 92868

Dear Ms. Coleman:

Thank you for the opportunity to add the support of the Drywall/Lathing Apprenticeship to your application for Employment Training funds. We recognize the acute need for business and leadership training for foremen, superintendents, project managers, etc. in the construction industry and are very pleased that The Raymond Group is leading the way in offering quality training in this area. It is our hope that other contractors will see the long term benefits of providing this kind of training, follow suit, and persuade their employees to take advantage of all the training they can.

Our apprentices here in Northern California are encouraged to pursue the opportunities available to them through our program which provides them the chance to obtain a Certificate and/or an AA Degree at American River College in Sacramento. We endorse your efforts and would have no objection to our apprentices participating in the training you would provide.

Sincerely,

46 NORTHERN CALIFORNIA COUNTIES
DRYWALL/LATHING J.A.T.C. & T.B.

Sharon Stevens
Office Manager

2006-12-21 ltr The Raymond Group